

GUIDELINES FOR COMPENSATION FOR SERVICES AND REIMBURSEMENT OF EXPENSES
OF PROFESSIONALS IN CASES PENDING IN BANKRUPTCY COURT
BEFORE JUDGE HARRY C. DEES, JR.
Revised January 1, 1994

I. SCOPE OF GUIDELINES

These guidelines are meant to assist *all* professionals who seek compensation for services and reimbursement of expenses from a bankruptcy estate, including, but not limited to, attorneys, accountants, investment bankers, appraisers, auctioneers, and agents as well as creditors who seek reimbursement for the expenses of such professionals, unless the court otherwise directs.

II. CONTENTS OF THE APPLICATION

An interim or final application for compensation for services and reimbursement of expenses of a professional should include:

- A. A detailed statement of the services rendered, time expended, expenses incurred, and the amounts requested. *Fed.R.Bankr.P. 2016; Cohen & Thiros, P.C. v. Keen Enterprises, Inc.*, 44 B.R. 570, 573 (N.D. Ind. 1984).
- B. A statement as to what payments have been made or promised to the applicant for services rendered or to be rendered in connection with the case, the source of the compensation so paid or promised, and the sharing of compensation. *Fed.R.Bankr.P. 2016*.
- C. A statement containing a list of professionals and paraprofessionals providing services, their respective hourly billing rates, the aggregate hours spent by each professional and paraprofessional, a general description of services rendered, a reasonably detailed breakdown of the disbursements incurred, and an explanation of billing practices.
- D. A statement indicating the period of time which the application covers.

III. TIME RECORDS REQUIRED TO SUPPORT THE APPLICATION

- A. Each professional should record time in increments of tenths of an hour and keep contemporaneous time records on a daily basis.
- B. Time records should set forth *in reasonable detail* an appropriate narrative description of the services rendered which should include any participants in, as well as the subject matter, scope, and purpose of the activity. *Cohen & Thiros*, 44 B.R. at 573.

Vague entries such as “review pleadings,” “review file,” “telephone conference,” “legal research,” “telephone call w/ J.Doe re: status,” “draft motion,” and “inter-office conference w/ J.Doe and P.Smith” will be disallowed as insufficiently descriptive. *Id.*

IV. POLICIES REGARDING COMPENSATION FOR SERVICES AND REIMBURSEMENT OF EXPENSES

A. Attendance at courtroom hearings and meetings

Generally, the court will allow compensation for only one professional from the same firm at courtroom hearings and meetings. In certain instances, the court may depart from this guideline if the nature of the proceeding or case so justifies.

B. Clerical and staff services

Charges for secretarial, library, word processing, and other staff services (exclusive of paraprofessional services) are not reimbursable as the charges generally are included in a firm's overhead costs. Clerical services for which the court will not allow compensation include: "reviewing files," "organizing materials for oral arguments," "entering information into computer," "arranging exhibits," "searching for pleading," "placing a hearing date on calendar," "proofreading pleading," "supervising mailings," or "reviewing file at clerk's office" and similar tasks. *In re Caribou Partnership III*, 152 B.R. 733, 739-40 (Bankr. N.D. Ind. 1993); *In re Environmental Waste Control*, 122 B.R. 341, 347 (Bankr. N.D. Ind. 1990).

Special office charges, such as the temporary employment of additional staff: (a) necessitated by the case and (b) not incurred in replacement of permanent staff or to shift otherwise nonreimbursable charges, will be reimbursed if reasonable and justified in each instance.

C. Computer research charges

Computerized legal services such as Lexis and Westlaw are reimbursable to the extent of the invoiced cost from the vendor, assuming the time spent conducting the research is reasonable. *In re Drexel Burnham Lambert Group, Inc.*, 133 B.R. 13, 32 (Bankr. S.D.N.Y. 1991). The court will disallow surcharges for computerized legal services as the expenses generally is included in a firm's overhead costs.

D. Costs of investment, equipment, or capital outlay

In charging for a particular service or expense, an application may not include in the amount for which reimbursement is sought the amortization of the cost of any investment, equipment, or capital outlay.

E. Duplication of services

When more than one professional or paraprofessional from the same firm perform duplicative services, the court generally will allow only the senior professional's charge for the service. For example, the court will not allow more than one attorney from the same law firm to collect compensation for reading a court document or order or reviewing and revising the same pleading.

F. Facsimile transmission charges

A charge for outgoing facsimile transmissions to long distance telephone numbers is reimbursable at the actual toll charges or, if such amount is not readily determinable, \$1.00 per page for domestic

and \$2.00 per page for international transmissions unless a higher charge is justified. Charges for incoming facsimiles are not reimbursable as the actual cost for receiving incoming facsimile transmissions is *de minimis*. *Drexel Burnham*, 133 B.R. at 32; *In re Nephi Rubber Products Corp.*, 146 B.R. 782, 784 (Bankr. N.D. Ind. 1992).

G. Interoffice conferences

When more than one professional or paraprofessional from a firm attend an interoffice conference or meeting, the court will allow compensation only for the senior professional attending the meeting unless the attendance of more than one professional at the meeting is justified. *Environmental Waste*, 122 B.R. at 347, citing *In re Pettibone Corp.*, 74 B.R. 293, 303 (Bankr. N.D. Ill. 1987); *In re B & W Management, Inc.*, 63 B.R. 395 (Bankr. D.D.C. 1986); and *In re American Int'l Airways, Inc.*, 47 B.R. 716 (Bankr. E.D. Pa. 1985).

For example, the court may permit more than one professional to obtain fees for attending an interoffice conference if the professionals have distinct areas of expertise and both of their services are essential in the case. *However*, mere expertise in litigation or appellate work ordinarily will be insufficient to justify the expense of more than one professional at an interoffice conference because bankruptcy attorneys generally are quite capable of handling the litigation and appeal of bankruptcy matters.

In attempting to justify requests for compensation of more than one attorney for attending interoffice conferences, an applicant should:

1. State the particular parties who attended the interoffice conference;
2. Explain the need for each professional or paraprofessional's participation in the conference;
3. Itemize separately the time spent in the interoffice meeting; and
4. Specify the areas of expertise of the professionals seeking compensation for the interoffice conference.

H. Lumping of services

The applicant should designate the time spent on each service and avoid billing for multiple services in aggregate entries with a single charge. If any item included in an aggregate time entry is disallowed as insufficiently descriptive or unacceptable for another reason and the time spent on the item is not delineated, the court *may disallow* the *entire* portion of the entry which is not itemized. *Cohen & Thiros*, 44 B.R. at 573; *Environmental Waste*, 122 B.R. at 347.

I. Meals

Meals are not reimbursable unless the individual is participating, during the meal, in a necessary meeting respecting the case.

J. Overtime expenses

Overtime for non-professional and paraprofessional staff is not reimbursable unless justified. Any such justification should indicate, at a minimum, that (i) services after normal closing hours are absolutely necessary for the case, and (ii) the charges are for overtime expenses paid. Overtime expenses for professionals are not reimbursable.

K. Photocopying expenses

An applicant seeking reimbursement for photocopying expenses should identify in general the documents copied, the number of copies, and the cost per copy. *Nephi Rubber*, 146 B.R. at 783. The court will allow \$.20 per copy for photocopying expenses unless a higher per page charge is justified. *Id.*; *Caribou Partnership*, 152 B.R. at 740. Similar justification will be required for printing expenses.

L. Postage, courier, and freight services

Charges for postage, courier, and freight services are reimbursable, if reasonably incurred. Charges should be minimized whenever possible. Charges for messengers and overnight mail should be used only when first-class mail is impracticable. These charges should be justified with a statement indicating why the use of first-class mail was impracticable.

M. Telephone charges

Long distance telephone charges are reimbursable at the amount billed and paid by the applicant. The charges should coincide with the professional and paraprofessional time records included in the application. Charges for local telephone exchange service are not reimbursable.

N. Third-party services

An applicant should justify the purchase or contracting of services from a third party (such as a temporary secretary, paraprofessional, or messenger service). In seeking reimbursement for such a service, the applicant should request reimbursement only for the amount the third party billed to the applicant and the applicant paid to the third party.

O. Travel expenses

Out-of-town travel expenses (other than expenses for first class air fare, luxury accommodations, and personal, incidental charges such as telephone and laundry) are reimbursable if the applicant is able to justify the expense by stating:

1. The nature of the travel expense (airplane ticket, taxi, parking reimbursement, etc.);
2. The need for the travel, including the service associated with the travel as well as the place of departure and destination (for example, "travel to S.Bend from Chicago for hearing on disclosure statement");
3. The person or persons incurring the expense;
4. The actual cost of the travel (the air fare, parking expense, overnight room charge, etc.)

Mileage charges for out-of-town travel with one's own car are reimbursable at the lesser of the amount charged clients in the non-bankruptcy context or the amount allowed by the Internal Revenue Service for per mile deductions. Local taxi and limousine charges should be minimized and justified.

P. Travel time

The court will allow professional travel time at one-half of the professional's normal hourly rate unless otherwise justified, as the time spent travelling generally is unproductive or, if productive, rarely is spent solely on the case for which the professional is travelling. *In re Nephi Rubber Products Corp.*, 1992 Bankr. LEXIS 501, at *9 (Bankr. N.D. Ind. Mar. 31, 1992).

Q. Trustee's duties

The court will not allow compensation to an attorney for a trustee for performing trustee's duties. The trustee's duties in Chapter 7 cases include, but are not limited to, collecting and reducing to money property of the estate; closing the estate; accounting for all property received; examining proofs of claim and objecting thereto, if appropriate; opposing the discharge of the debtor, if advisable; furnishing information concerning the estate and the estate's administration as requested by a party in interest; filing periodic reports, summaries of operation, and other information with the court, the United States trustee, and taxing authorities, if the debtor is authorized to operate a business; making a final report; and filing a final account of the administration of the estate. *11 U.S.C. § 704. See 11 U.S.C. § 1106(a), § 1202(b), and § 1302(b)* for duties applicable in Chapter 11, 12, and 13 cases.